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SENSITIVE

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TAGS: [EPET](#) [ETRD](#) [ECIN](#) [PREL](#) [CARICOM](#) [JM](#) [TD](#)
SUBJECT: T&T MEDIA FIRES BACK ON JAMAICA LNG

REF: (A) PORT OF SPAIN 168, (B) KINGSTON 342

SENSITIVE BUT UNCLASSIFIED - HANDLE ACCORDINGLY

¶1. (SBU) SUMMARY: The media dogfight between Jamaica and Trinidad & Tobago over liquefied natural gas has escalated in response to Jamaican private sector calls for retaliation against trade with T&T. Tensions between the two CARICOM members have implications for momentum on regional integration, Venezuela's role in the region, and Alcoa's investments in Jamaica and T&T. While the T&T Manufacturers Association has attempted to smooth ruffled Jamaican feathers, T&T media is pushing back and also voicing doubt that Venezuela will be able to supply LNG to Jamaica. GOT Energy Minister Saith publicly speculated that Venezuelan gas might be liquefied in Trinidad for sale to Jamaica. END SUMMARY.

¶2. (U) An exchange between the heads of the T&T Manufacturers Association (TTMA) and the Jamaica Manufacturers Associations (JMA) has set off a new round in the media dogfight over prospects for T&T to supply liquefied natural gas (LNG) to Jamaica.

¶3. (U) In a conversation with Econ Chief and later in a press interview published by the Trinidad Guardian March 14, TTMA President Paul Quesnel said that JMA President Doreen Frankson had threatened to lobby the GOJ to take action against imports from T&T if the GOT Energy Minister does not come through on its MOU to supply LNG to Jamaica starting in 2009. Frankson had further complained that non-tariff barriers were blocking Jamaican businesses from entering the T&T market. Quesnel responded that T&T manufacturers too have difficulty with bureaucratic red tape and a shortage of industrial park space in T&T. Quesnel offered TTMA assistance to any Jamaican or other CARICOM business seeking to set up a business in Trinidad, and he invited Jamaica to participate in the TTMA's upcoming Trade and Investment Convention.

¶4. (U) Editorial commentary in the March 15 Guardian took aim at the "anti-integrationist rhetoric from Jamaica's private sector," arguing that such rhetoric was "absolutely not justified." The Guardian pointed out that the T&T-Jamaica MOU was "an expression of intent" and not "a promise to supply" LNG. In an extended analysis in the same issue, Business Guardian editor Anthony Wilson discounted past GOJ assertions that CARICOM national treatment should have a bearing on the price at which T&T would sell LNG to Jamaica. Wilson proposed instead a focus on reciprocity, since Jamaica needs LNG to expand alumina production and T&T needs alumina to smelt aluminum for prospective downstream manufacturing.

¶5. (U) Turning to the LNG MOU reportedly signed March 12 by Jamaican Prime Minister Portia Simpson Miller and Venezuelan President Hugo Chavez, the Guardian labeled it a "fairy tale MOU" and noted that "President Chavez signed the MOU without having in place any identifiable LNG facilities whatsoever." In T&T's case "it took Atlantic LNG four years from the signing of the sales contracts (not the MOU) to the delivery of the first LNG shipment - and that was considered to be warp speed in the LNG industry at the time." By contrast, "Venezuela has been trying since the early 1970s (more

than 30 years) to get an LNG facility off the ground and...the closest the South American country has come is the framework agreement signed by Shell and Mitsubishi five years ago. Little has been heard of that project, involving two blue chip multinationals, since 2002. However," the Guardian editorial concluded, "if Jamaica's private sector believes that President Chavez' fairy-tale MOU will come through for it, it may stop trying to provoke Mrs. Simpson-Miller into declaring a trade war against T&T."

¶6. (U) GOTT ministers have not responded publicly to calls from the Jamaican private sector for trade retaliation. However, GOTT Energy Minister Lenny Saith told reporters on March 13 that it was in fact Prime Minister Manning who suggested to PM Simpson Miller that she seek an LNG arrangement with Venezuela. Saith also suggested that because Venezuela does not have any facility to produce LNG, the Venezuelan LNG going to Jamaica "might" come from the fifth LNG train that the GOTT is currently contemplating, according to a story in the T&T Newsday. At the same time Saith emphasized that he was being very cautious not to make any unilateral statements as to how 10 trillion cubic feet of natural gas reserves lying across the T&T-Venezuela border would be commercialized, a question left open by the framework unitization agreement recently initialed by the two countries (reftel A).

¶6. (SBU) COMMENT: As our colleagues in Kingston have pointed out (reftel B), T&T-Jamaica tensions over LNG have significant implications for Venezuela's role as energy supplier to the region and for the momentum of economic integration under the CARICOM Single Market and Economy. There are also significant implications for Alcoa's investment in the region, as the company seeks cheap and reliable energy for both an expansion of alumina production in Jamaica and a new aluminum smelter in Trinidad. Alcoa can expect increased scrutiny and debate over its role in this issue and whether its investment is worth the opportunity cost to taxpayers in

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the region.

¶7. (SBU) COMMENT CONTINUED: We see the outlines of a deal among the governments in the LNG-for-alumina swap proposed by Anthony Wilson of the Guardian and in Lenny Saith's suggestion that Venezuelan gas might feed a new LNG train in Trinidad -- providing Venezuela agrees. However that will not get LNG to Jamaica by 2009. A well-placed LNG industry contact tells us that if Venezuela had all of the contracts and financing in hand today, it would be lucky to deliver LNG on its own by 2012, and he was hard-pressed to think of a company with the necessary expertise that would be willing to invest in Venezuela in the current climate. Even T&T, with extensive experience in the business, would need three or four years to develop gas fields and bring on line a new LNG train that could supply new customers like Jamaica. END COMMENT.

AUSTIN